



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0604	<b>Title:</b>	Create a pilot program to maintain and repair shared-use trails
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<b>Primary Sponsor:</b>	Greef, Edward	<b>Status:</b>	As Amended
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☒ Significant Local Gov Impact
 ☐ Needs to be included in HB 2
 ☒ Technical Concerns  
☐ Included in the Executive Budget
 ☒ Significant Long-Term Impacts
 ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 604, as amended, creates a temporary pilot project for the maintenance and repair of multi-use trails. The bill establishes a \$2.00 fee on light vehicles, giving the vehicle owner the option to opt out, and creates a statutory appropriation. The bill requires 20% of the revenue be spent on contracted shared-use trail user safety education. The Montana Department of Justice (MDOJ) is provided \$50,000 in FY 2016 to reprogram the Montana Enhanced Registration and Licensing System to accommodate the fee and \$90,000 for additional form and mailing costs. As written, HB 604 states that the Montana Department of Transportation (MDOT) is responsible for the maintenance and repair of all shared used trails. MDOT is to compile an inventory of shared-use trails located in the right-of-way of federal-aid highway, develop a plan for maintain shared use trails, and develop construction and maintenance standard for such trails. The bill further defines shared use trails as trails or paths within MDOT's right-of-way and within an independent right-of-way.

### FISCAL ANALYSIS

#### Assumptions:

#### Department of Justice (MDOJ)

1. A new motor registration renewal card (larger size) will be needed. The Department will be required to go to an 8.5" by 11" C fold Form and envelope compared to the current Z fold Pressure Seal Form.

**Fiscal Note Request – As Amended***(continued)*

2. Reprogramming and redesign by the current vendor will be required for adding the necessary extra language and donation lines (estimated to be \$50,000).
3. Programming of the Montana Enhanced Registration and Licensing System can be accomplished internally. (JITSD).
4. In FY2016, expenditures to the vendor for the new form and mailing a larger form will need to be re-negotiated. For purposes of this analysis, the initial expenditure estimated to be \$90,000 on 1,500,000 registration renewal mailings per year (approximately an additional \$.06 per form).

**Department of Transportation (MDOT)**

5. The MDOT Maintenance Division would administer the funds and could accomplish the administration of this program with existing resources.
6. The Maintenance Division would administer any contracts with the cities, counties, or private contractors.
7. The Maintenance Division would have to develop a process to administer and distribute the funds to the districts according to HB 604.
8. The published three year average of vehicles registered is 1,013,374. Using the fees collected by the Department of Fish, Wildlife and Parks (FWP) for state park fees on license plates, about 66.2 % of the vehicles registered pay the \$6.00 fee for state park support. With this new fee of \$2.00, MDOT assumes that 66.2% of vehicles registered (628,516) will pay the trail maintenance fee. This would result in total revenue collected of \$1,342,186 in FY 2016.
9. Revenue from this fee is increased at the same percentage as overall motor vehicle taxes in HJR 2; 1.16% in FY 2017, 3.64% in FY 2018, and 2.79% in FY 2019.
10. HB 604 requires that \$50,000 go to the Montana Department of Justice (MDOJ) to reprogram the department's software in FY 2016. The bill also allocates \$90,000 to MDOJ for the additional contract costs for the larger vehicle renewal card required. Of the remainder, 20% is allocated for education with the rest allocated to transportation districts. Ten percent of the amount distributed to the districts is to be used for maintenance and repair of nonfederal-aid trails.
11. Currently, MDOT has approximately 184 miles of paths on the right-of-way of state maintained highways. Of those 184 miles, MDOT maintains about 58 miles while the counties and cities maintain the remaining 126 miles (note that the cities and counties have signed agreements with MDOT to maintain these as a condition of their construction).
12. For shared use paths, there are five maintenance activities that typically occur. Snow removal, sweeping, fog and crack sealing—which occur about once every 8 years—and pavement overlays which occur about once every 20 years. MDOT assumes snow removal and sweeping will occur every year, 1/8 of the trails will be fog sealed every year, and 1/20 of the total mileage of the trails will be paved every year. Activities will be prioritized to fit within the constraints of the revenue received.
9. 17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

**YES****NO**

a. The money is from a continuing, reliable, and estimable source.		X
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or	X	

effective.		
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.		X

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
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**Fiscal Impact:****Expenditures:**

Op Exp - DOJ Systems	\$50,000	\$0	\$0	\$0
Op Exp - DOJ Mail & Distribution	\$90,000	\$90,000	\$90,000	\$90,000
Op Exp - Education	\$250,437	\$271,551	\$281,435	\$289,287
Op Exp - Dist M&R Non Fed Trail	\$100,175	\$108,620	\$112,574	\$115,715
Op Exp - District	\$851,574	\$887,584	\$923,168	\$951,435
<b>TOTAL Expenditures</b>	<b>\$1,342,186</b>	<b>\$1,357,755</b>	<b>\$1,407,177</b>	<b>\$1,446,437</b>

**Funding of Expenditures:**

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
<b>TOTAL Funding of Exp.</b>	<b>\$1,342,186</b>	<b>\$1,357,755</b>	<b>\$1,407,177</b>	<b>\$1,446,437</b>

**Revenues:**

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
<b>TOTAL Revenues</b>	<b>\$1,342,186</b>	<b>\$1,357,755</b>	<b>\$1,407,177</b>	<b>\$1,446,437</b>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

**Effect on County or Other Local Revenues or Expenditures:**

1. Counties/cities would receive funds as available to repair & maintain trails.
2. Section 2, 4(b) - MDOT has existing maintenance agreements with local governments. Likely implementation of this would include MDOT providing reimbursement to these local entities for the continued maintenance of the share use trails covered by these agreements, not just the new construction or extension as described in this section.

**Long-Term Impacts:**

1. The bill will result in continued expansion of these trails without a guaranteed similar increase in revenue collections. If the needs outpace the resources available for repair and maintenance, the long-term result could be more miles of infrastructure in disrepair and needing other sources of funds.

**Technical Notes:**

**Department of Justice (DOJ)**

1. HB 604 implementation's date may not allow enough time for re-programming the Montana Enhanced Registration and Licensing Network (Merlin), online Web registrations.

**Department of Transportation (MDOT)**

1. New Section 14 terminates section 10 on June 30, 2021. Termination of section 10 would have impacts on the State of Montana if that were to mean the entire section was terminated.
2. Section 8: Provision (1) requires the department to maintain and repair shared use paths while Provision 2(b) requires the department to develop an inventory and plan for maintaining and repairing shared use paths in federal-aid right of way. It will be difficult for the department to know or consider if there are shared use paths not in the federal-aid right of way that need repair or maintenance. Further, it will be difficult for the department to know how or where to direct the 10% set-aside described in Section 2 Provision 3.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*